ALASKA ECONOMIC TRENDS

March 1992

1990 CENSUS BULLETIN

SLOW GROWTH, HIGH UNEMPLOYMENT CONCLUDE YEAR

HOW ALASKA COMPARES TO OTHER OIL STATES

ALASKA DEPARTMENT OF LABOR
WALTER J. HICKEL, GOVERNOR

ALASKA ECONOMIC

TRENDS

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How Alaska Compares To Other Oil-Producing States

By Neal Fried

While much of the nation is mired in a recession, stories coming out of the oil-patch states are about economic recovery. Although these stories are generally positive, they don't ring with the self-confidence of the late 1970s and early 1980s. Instead they are cautious, measured and reserved. The economies of these states had their legs knocked out from under them more than once during the 1980s.

This article examines the nation's top oil-producing states and compares them with Alaska. These states are Texas, Louisiana, Oklahoma and Wyoming — all among the top six oil producers in the nation. California, the country's number four oil producer, will be left out of this discussion because oil represents only a minute part of its enormous economy. California is also a net importer of petroleum products. Unlike the other oil-producing states, its economy benefits from lower oil prices.

Alaska produces large quantity of oil with small work force

Alaska has been the nation's number two oil-producing state since 1979. Its oil industry employment, though, is dwarfed by most of the other oil-producing states. In 1990 Texas produced 8% more oil than Alaska but employed seventeen times as many oil and gas workers (See Figure 1). Oklahoma's oil production is one-sixth that of Alaska, but the state's oil and gas workers outnumber Alaska's 4 to 1. Measured as a productivity ratio, every oil worker in Louisiana produces 8,376 barrels of oil per year compared to an Alaskan oil worker's 63,109 barrels of oil (see Table 1).

The reason for this remarkable contrast is Prudhoe Bay. Most of Alaska's oil comes from this single field. Prudhoe Bay is the nation's only super field. This incredibly productive field simply does not need a large work force to bring the oil to the surface. Other North Slope fields such as Endicott, Kuparuk and Lisburne rank among the nation's largest. Thousands of large, medium and small fields are producing oil in other states. More than 119,000 stripper wells were operating in Texas in 1989. A stripper well produces 10 barrels of crude oil or 60 Mcf of natural gas per day. In contrast, 1.3 million barrels of crude oil are produced at Prudhoe Bay each day. Not all of this difference, however, can be explained by the productivity of Alaska's oil fields.

Another reason for Alaska's smaller oil extraction work force is the state's relatively young age and frontier nature. Because Alaska is the youngest oil producer in the oil patch it has had much less time to develop an

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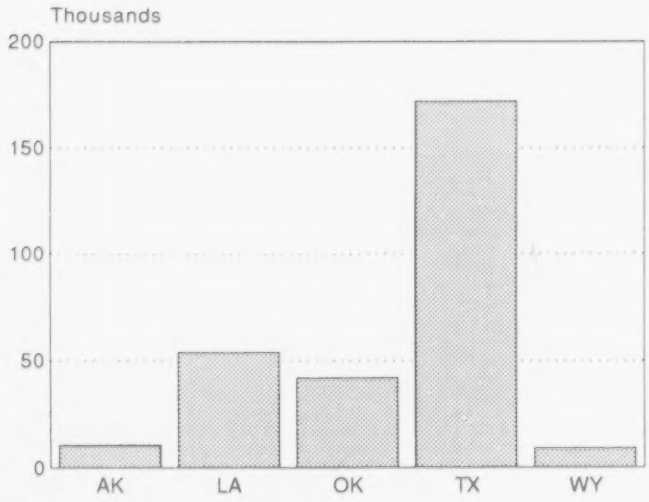
Figure • 1

Oil Industry Employment



Source: Petroleum Independent, September 1991.

extensive, broad-based oil industry. Oil exploration, extraction and transportation costs are much higher in Alaska than elsewhere in the oil-producing states (see Figure 2). These higher costs mean that only Alaska's larger oil prospects are worth exploiting. This, in turn, means they will be less labor intensive.

Alaska's relative youth in the oil industry also means it is less likely to be home to oil industry headquarters or regional centers. Although Alaska's oil production represents more than 96% of BP's U.S. production or 70% of ARCO's, their headquarters and regional facilities are elsewhere in the nation. This is also true for the vast majority of oil drilling and oil service companies in Alaska. Their Alaska work force exists strictly for oil activity in Alaska. Most of their other functions, whether corporate or research-related, take place elsewhere. Oil industry employees in the rest of the oil patch, particularly in Texas, do not just service local oil and gas operations. They also provide support to oil operations in the rest of the nation and the world.

Although Alaska's oil industry employment is considerably smaller than in most other oil-producing states (except Wyoming), it represents a larger share of the Alaska's total work force (see Table 1).

Alaska has smaller downstream industry, but larger public sector

Alaska not only has a much smaller oil and gas extraction work force than other states, but a smaller oil transportation work force, also. Although Alaska has an 800-mile pipeline, and a number of other smaller pipelines, it does not compare to the thousands of miles of pipelines that run through some of the other states (see Table 1).

Alaska also has a much smaller industry in downstream operations such as the production of refined petroleum products (see Figure 3 and Table 1). The explanation for this is simple. The markets for refined petroleum products are distant from Alaska, and it is usually more cost effective to ship crude oil long distances than refined petroleum products. Texas and Louisiana are much closer to the consuming markets. Also, a state as large as Texas has a large domestic market. Most of Alaska's downstream market services local demand. Only two facilities, both on the Kenai Peninsula, serve outside markets. These are Union Oil's ammonia fertilizer plant and Phillips-Marathon liquified natural gas (LNG) operation. Alaska's downstream facilities are still growing, but the distance to any large markets will continue to be a major constraint.

Nearly all the oil-producing states have sizable public sectors. Nationally, state or local governments employ 14% of the wage and salary work force. Texas, at 15%, is the only oil-producing state that comes close to the national level. Wyoming's public sector is the largest — state and local government employs 24% of its work force. Alaska falls in second place with 22%, followed by Oklahoma and Louisiana at 18%. One reason these states enjoy a larger public sector is that they have been able to raise substantial revenues from oil and other natural resources to fund their public sector.

Table • 1

Employment Statistics From the Oil Patch

	Barrels of Oil Produced Per Oil Industry Employee	Oil Extraction Employment	Oil Industry Employment As A Percent of Total Employment	Oil Refinery Employment	Oil Pipeline Employment
Alaska	63,109	10,257	4.3	303	1,095
Louisiana	8,376	53,700	3.4	10,475	1,015
Oklahoma	2,072	41,857	3.5	4,484	1,177
Texas	4,108	171,709	2.4	25,899	4,475
Wyoming	11,616	8,941	4.5	984	223

Sources: Petroleum Independent, September 1991; U.S. Department of Labor, Bureau of Labor Statistics.

Alaska had similarities and differences with the oil-producing states in the 1980s

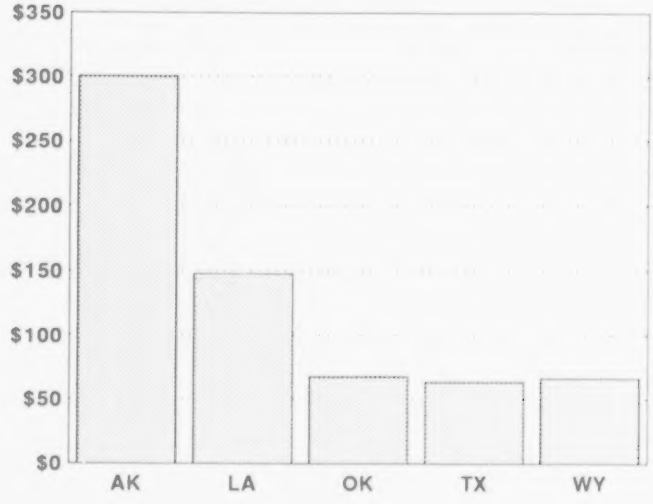
The oil industry in each of these oil-producing states had similar reactions to price increases and declines over the past decade. There were some distinct differences, also — particularly in Alaska's case. Growth of both total and oil industry employment was more impressive in Alaska than in any of its counterpart states. Even with the oil industry's severe contraction of 1986-1988, Alaska's economy averaged 3% annual employment growth from 1980-1991. Texas ranks second at 1.6%. In Oklahoma and Louisiana, total employment sustained no growth during the same period. Wyoming's economy actually lost ground. Why the differences?

As a result of the oil price hike in the late 1970s and early 1980s, employment and production grew in all the oil-producing states. With the exception of Alaska, the high water mark for most of the oil patch was in 1982 or 1983. The high oil prices of this era, along with the expectation of even higher prices, enticed many in the industry to develop fields that would be characterized as marginal at lower prices.

Beginning in 1982 or 1983 all of the producer states, with the exception of Alas-

Figure • 2

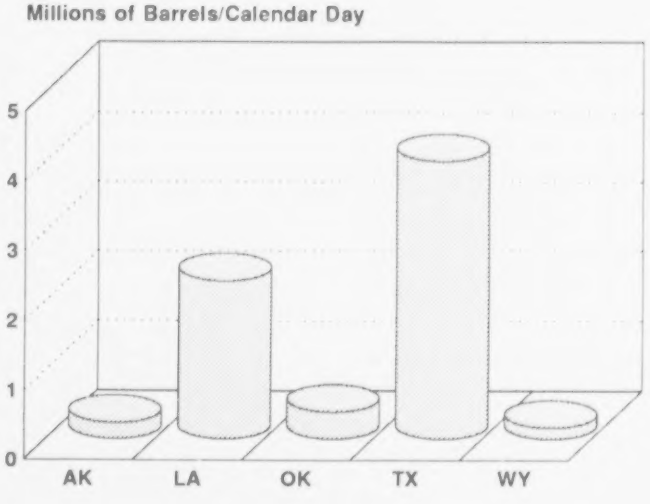
Average Drilling Cost Per Foot in 1989



Source: Joint Association Survey

Figure • 3

Crude Capacity of Refineries in 1990



Source: Oil & Gas Journal Data Book, 1991

ka, sustained sizable contractions in their oil industry and their economies. The oil industry in Texas lost 39,700 jobs in 1983. Oklahoma's oil industry decline began in 1983 and did not stop sliding until 1990. Although no collapse in oil prices occurred, the moderation in prices and, more importantly, the realization that oil prices were not going to soar to $60/barrel caused this severe "correction" in the oil patch.

Conversely, Alaska's economy thrived in the early 1980s. In 1982 Alaska's employment grew by 7.9% — only outdone by 1981's growth rate of 9.5%. Alaska's economy moved through this period unscathed because a few large producers dominated its oil industry, producing from oil fields that were still very profitable at the more moderate prices. In addition, the state was awash in record oil revenues that brought on the economic boom of the early 1980s.

By 1983 or 1984 most of the other oil-producing states were beginning to recover. Then the price of oil dropped to record lows in 1986, and their economies were hammered again. This time, Alaska joined them.

The Crash of 1986

Alaska's oil industry employment declined less in the 1986 crash, but its economy was hit harder than the other states. From the beginning of the oil bust until the end in 1988 the relative and actual declines for the oil industry were varied. Oil industry employment in Alaska fell by 9%, in Texas by 34%, and in Wyoming by 37%. In actual declines, though, Wyoming's was 5,500 jobs while Texas suffered a loss of 85,500 jobs. Oil industry employment in Louisiana and Oklahoma fell by nearly a third.

The reason for Alaska's more moderate oil industry decline was because Alaska's oil fields were not marginal. Only one, Milne Point, was shut down. Also, Alaska's oil producers had the financial muscle to ride out these lower prices.

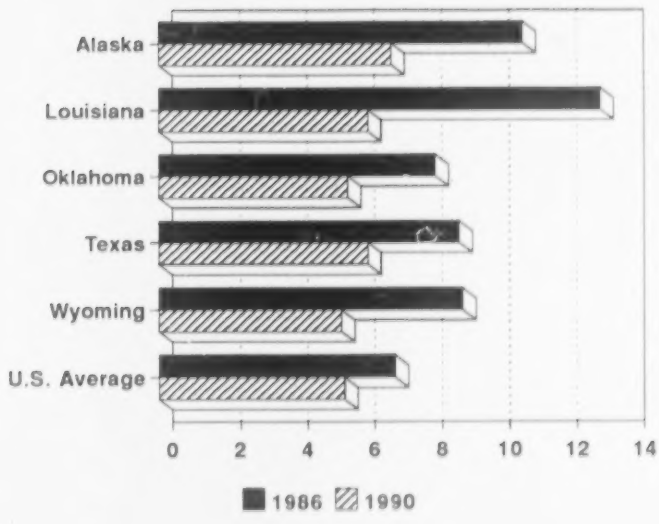
If we look at the overall impact of the oil bust on the various economies during this period, however, Alaska did not fare as well as some of the other states. Only Wyoming fared worse than Alaska — losing 18% of its total employment. Total employment in Alaska and Oklahoma fell by 9%. Although both Texas and Louisiana lost more jobs (147,000 and 108,000) Texas' total employment shrank by only 2% and Louisiana's by 7%. To put job losses in perspective, their more than 100,000-job loss is equivalent to about half of Alaska's entire work force. In concert with job losses, unemployment rates soared in the oil-producing states. Alaska reached a high of 10.8% in 1986 while Louisiana's climbed to 13.1% that same year (see Figure 4).

Unlike most of the other states, where employment losses were largest in the oil industry, Alaska's biggest losses were in construction and other industries. In three years construction in Alaska fell to half it former size. While the other states' construction industries also lost ground, their declines were more moderate.

Figure • 4

Unemployment Rates in the Oil Patch

Source: U.S. Department of Labor, BLS



Alaska's public sector losses were also greater, for two reasons. Alaska was much more dependent on oil revenues, and these oil revenues declined proportionately more in Alaska than in other states. In 1986 more than 70% of Alaska's revenues were from oil. None of the other oil-producing states depended on oil revenues for more than a third of their revenues. Then Alaska, so heavily dependent on oil revenues, saw that revenue fall by nearly half ($1.5 billion) from state fiscal year 1986 to 1987.

The oil revenue shortfall was only part of the story. Speculative real estate and business activity got ahead of demand. In Alaska this activity was further extended partially because the state had not gone through the earlier economic contraction of 1982-1983. All the states were swamped with real estate and experienced massive bank failures.

Recovery in the oil-producing states is uneven

Rumblings of a recovery in the oil-producing states began in 1988. In all the states except Oklahoma oil employment began to grow. Oklahoma had to wait until 1990 before its oil industry employment turned the corner. Alaska's recovery was the most robust. By 1989 oil industry employment in Alaska reached a new high; to date, it is the only state to do so (see Figure 5).

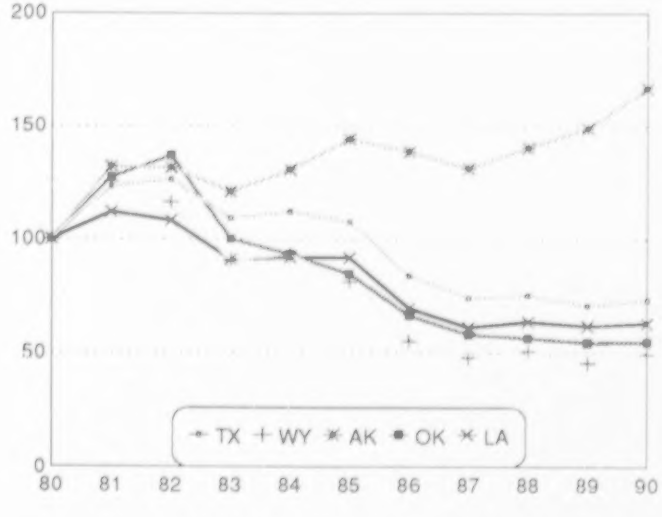
By 1990 employment in the other oil-producing states had not reached their 1982-3 peak. Oil production was also down. There is a strong likelihood that none of these states ever will produce as much oil again. Except for Alaska and Texas, oil industry employment levels in the remaining oil states are still less than half their previous peak.

Alaska and Texas are the only two states of these five that have larger economies today than at any time in the past (see Figure 6). By 1990, Alaska's total industry employment set a record high; Texas accomplished this in 1991. Also, the population in both states began to rebound in 1989. Alaska was able to move beyond its pre-bust levels not only because of the recovery in the oil prices, but also because of the expansion that took place in many of its other basic industries. These included state government, air transportation, timber, tourism and fishing.

Texas' economy, on the other hand, was able to grow in spite of its oil industry. Of all the oil-producing states, Texas has probably been the most successful at diversifying its economy. In 1981, 27% of the state's economic output came from the oil and gas industry. This compares to 15% in 1990. Texas' trend of diversification predated the oil bust. Texas successfully convinced many national corporations to move their headquarters to Dallas and Houston. Lots of inexpensive, high-quality real estate made Houston and Dallas attractive to these corporations. Texas has also made great strides in enticing high-tech firms and medical research facilities. In addition, Texas managed to expand its manufacturing sector — a real feat in today's economy.

Figure • 5

Oil Industry Employment in the Oil Patch



Source: Alaska Department of Labor, Research and Analysis Section

The road to economic recovery has been much more painful and less fruitful for Wyoming, Louisiana and Oklahoma. They have all made some economic strides forward, but their progress has been rather lackluster. Some of their improvement has come from a turnaround in the oil industry and some has come from other industries. For example, tourism in Louisiana has pumped new life into that state's economy. The unemployment rates in these three states have improved markedly from their bust levels. Part of this improvement, however, was through attrition — many of their unemployed left. Wyoming, Louisiana, and Oklahoma were still losing population in 1990.

Other states have weaned themselves from oil revenues

Prior to the oil bust all five of the oil-producing states were extremely dependent on their oil revenues to operate government. But this dependency declined radically for most of the states in the 1980s. In 1981, 28% of the Texas state budget came from oil — today it is 8% (see Table 1). This change was not a simple process. In 1986 Texas was looking at a $2.9 billion deficit which later climbed to $5.8 billion. In the early 1980's about 28% of Oklahoma's state revenues came from oil; today it is 6%. Louisiana's was 42% in 1982 and now it is 14%. In 1984 Wyoming received 39% of its revenues from oil. Today that number has dwindled to 23%. In spite of sinking oil revenues public sector employment in these states sustained no large losses. This was because they found new sources of revenues.

Alaska remains nearly as vulnerable today as it was a decade ago. If permanent fund earnings are excluded, more than 60% of state government revenues still come from oil. Even if permanent fund earnings were included, more than 55% of Alaska's state budget comes directly from oil revenues.

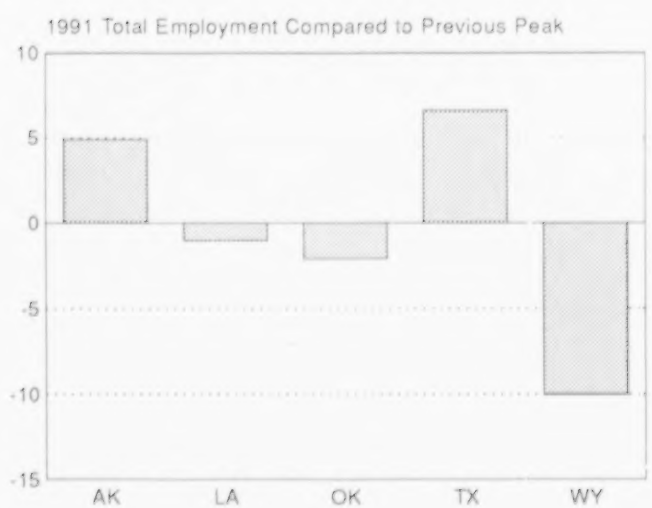
Summary

Since 1978 Alaska has been the nation's second largest oil-producing state, but it has one of the oil-producing states's smallest work forces. This is because of the incredible productivity of Prudhoe Bay and the North Slope's other large fields. It simply takes less manpower to extract oil from these large fields. Elsewhere in the oil-producing states, oil is extracted from literally thousands of fields of many different sizes. Other reasons such as Alaska's relative youth in the oil industry explains Alaska's much smaller oil industry work force.

Far fewer Alaskans are also employed in downstream oil operations than are their counterparts elsewhere in the nation. One explanation for Alaska's small presence in oil industry downstream operations can be explained by Alaska's distance from consumer markets. Generally, it is more

Figure • 6

Not All of the Oil Patch Has Recovered



Source: U.S. Department of Labor, BLS

economical to ship crude oil than refined products. The domination of Alaska's oil industry by a few producers and its relative youth may also help explain Alaska's underdeveloped downstream oil operations.

Alaska oil industry experience over the recent turbulent decade has been quite different from most of the other states. As a result of the dramatic run up in oil prices in the 1970s and early 1980s all the oil-producing states' economies grew quite dramatically. Beginning in 1982, their experience began to diverge. All but Alaska's economy went through a severe correction in 1982-1983 because oil prices moderated and expectations for much higher oil prices evaporated. Alaska's oil-producing states, on the other hand, moved through this period nearly unscathed. This is because of its domination by a few large producers, with considerable financial muscle, who produce from very profitable oil fields. In fact, Alaska's economy boomed while most of the other oil-producing states slid into a recession. By 1986, when most of these states' economies were beginning to recover,they were thrown back into a recession again because oil prices crashed.

Alaska was not able to dodge this downturn. Along with the rest of the oil -producing states, Alaska's economy went into a tailspin. Although Alaska's oil industry fared better than most of the other oil-producing states, its economy did not. Only one other oil-producing state's economy lost more ground during this oil induced recession than Alaska, and that was Wyoming. However, unlike most of the other oil-producing states, Alaska's biggest losses were in construction, not oil.

Recovery in the oil-producing states began in 1988. By 1989 more people were employed in Alaska's oil-producing states than ever before. The same cannot be said for any of the other oil-producing states. None of their oil industry employment has come close to recovering from previous peak levels. Alaska's overall economic picture also fully recovered by 1990. This can only be said for one other oil-producing states state -- Texas.

One area where Alaska did not fare as well as the rest of the states was in the area of oil revenue dependence. All the other oil-producing states successfully weaned themselves from oil as a major source of public sector revenues. Alaska's public sector and economy remains nearly as vulnerable to the vagaries of the oil industry as it did a decade ago.

Census Maps Available

In addition to census data, the U.S. Census Bureau has maps for sale. This means data users will be able to match maps with census statistics and have a clearer picture of how the data are distributed geographically. The U.S. Census Bureau is generating map products from a computerized data base known as TIGER (Topologically Integrated Geographic Encoding and Reference System.)

The 1990 census maps of interest to Alaska data users are the County Block and Census Tract/Block Numbering Area maps. The County Block maps display block numbers, physical features, boundaries, names, and codes for legal and statistical entities in each census area/borough. These maps do not show voting district codes or boundaries. The Census Tract/Block Numbering Area maps show census tracts for Anchorage and Fairbanks North Star Borough and block numbering areas for all other areas in the state. They also display features and names underlying the boundaries and the names and boundaries for incorporated places and Alaska Native Village Statistical Areas (ANVSA).

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The following table shows the cost of each census area/borough map and the nurnber of map sheets per area. The census bureau charges $5.00 per map sheet with a 4 to 6 week delivery time. The ASDC has arranged with two Alaska copying firms to provide map reproduction for $11 per map sheet with a one week turnaround.

	County Block Maps			Tract/BNA Maps		
Borough/Census Area	# of Map Sheets	Census Bureau Cost (dollars)	Local Copying Cost (dollars)	# of Map Sheets	Census Bureau Cost (dollars)	Local Copying Cost (dollars)
Aleutians East Borough	13	$ 65	$ 143	1	$ 5	$ 11
Aleutians West C.A.*	47	235	517	4	20	44
Anchorage Municipality	26	130	286	2	10	22
Bethel C.A.	45	225	495	2	10	22
Bristol Bay Borough	3	15	33	1	5	11
Dillingham C.A.	13	65	143	1	5	11
Fairbanks N.S. Borough	77	385	847	2	10	22
Haines Borough	5	25	55	1	5	11
Juneau Borough	26	130	286	1	5	11
Kenai Peninsula Borough	66	330	726	2	10	22
Ketchikan Gateway Borough	8	40	88	1	5	11
Kodiak Island Borough	30	150	330	2	10	22
Lake & Peninsula Borough	19	95	209	1	5	11
Matanuska-Susitna Borough	124	620	1364	2	10	22
Nome C.A.	35	175	385	1	5	11
North Slope Borough	49	245	539	1	5	11
Northwest Arctic Borough	30	150	330	1	5	11
Pr. of Wales-Outer Ketch. C.A.	28	140	308	1	5	11
Sitka Borough	10	50	110	1	5	11
Skagway-Yakutat-Angoon C.A.	26	130	286	1	5	11
Southeast Fairbanks C.A.	28	140	308	1	5	11
Valdez-Cordova C.A.	41	205	451	1	5	11
Wade Hampton C.A.	20	100	220	1	5	11
Wrangell-Petersburg C.A.	13	65	143	1	5	11
Yukon-Koyukuk C.A.	107	535	1177	1	5	11

* C.A.= Census Area

Slow Growth, High Unemployment Conclude Year

By Neal Fried

Neal Fried is a labor economist with the Research & Analysis Section, Administrative Services Division, Alaska Department of Labor. He is based in Anchorage.

Alaska's unemployment rate climbed during most of 1991, and December was no exception. December's rate reached 10.1%, the highest rate since May 1988. The last time Alaska's December unemployment rate reached the double digit arena was in 1986, when it stood at 10.8%.

December was the fourth consecutive month of rising unemployment rates, not an unusual occurrence at this time of year. More than 6,000 additional Alaskans, however, were counted as unemployed compared to year-ago levels.

There was an unusually large jump in December in the number of unemployment insurance claimants who filed for unemployment benefits against wages earned elsewhere in the nation. This indicates that Alaska continues to be a mecca for many jobseekers who lost jobs elsewhere in the country (see Figure 1).

Because of Alaska's higher jobless rate it appears the state is duplicating the national economic picture, and there are some similarities. Unemployment rates in both Alaska and the nation increased significantly in 1991. Alaska's unemployment rate for all of 1991 was 8.2%, 1.2 points higher than 1990's level. The nation's annual unemployment rate of 6.7% was also 1.2 points above 1990's level. In turn this meant finding a job in Alaska and elsewhere in the nation was much more difficult in 1991.

There is, however, one important distinction between Alaska and the nation — employment in Alaska was still growing in 1991, albeit slowly, and the nation's was not. This is an important distinction both qualitatively and quantitatively. With employment still growing, Alaska's labor market remains more fluid. Promotional opportunities still exist, people switch jobs, and the economy is creating a few new jobs. This means some jobseekers still have a chance of finding employment. In contrast, gridlock is the order of the day in many of the nation's labor markets. Employees tenaciously hold onto their jobs, and new opportunities are few and far between.

Table • 1

Nonagricultural Wage and Salary Employment by Place of Work — Alaska

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	232,000	236,100	228,200	-4,100	3,800
Goods-producing	31,500	34,100	31,400	-2,600	100
Mining	10,800	10,900	11,100	-100	-300
Construction	8,900	10,100	9,000	-1,200	-100
Manufacturing	11,800	13,100	11,300	-1,300	500
Durable Goods	2,400	3,000	2,600	-600	-200
Lumber & Wood Products	1,700	2,200	1,900	-500	-200
Nondurable Goods	9,400	10,100	8,700	-700	700
Seafood Processing	5,500	6,200	4,900	-700	600
Pulp Mills	900	900	900	0	0
Service-producing	200,500	202,000	196,800	-1,500	3,700
Transportation	20,500	20,800	19,700	-300	800
Trucking & Warehousing	2,600	2,500	2,600	100	0
Water Transportation	1,200	1,300	1,100	-100	100
Air Transportation	6,600	6,600	6,300	0	300
Communications	3,500	3,600	3,400	-100	100
Trade	46,800	46,800	46,400	0	400
Wholesale Trade	7,900	7,900	8,200	0	-300
Retail Trade	38,900	38,900	38,200	0	700
Gen. Merch. & Apparel	7,100	6,900	6,400	200	700
Food Stores	6,900	6,800	6,600	100	300
Eating & Drinking Places	12,400	12,600	12,700	-200	-300
Finance-Ins. & Real Estate	10,200	10,200	10,200	0	0
Services & Misc.	50,500	51,200	49,700	-700	800
Hotels & Lodging Places	4,800	4,700	4,800	100	0
Government	72,500	73,000	70,800	-500	1,700
Federal	18,700	18,800	18,100	-100	600
State	21,700	21,900	21,300	-200	400
Local	32,100	32,300	31,400	-200	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear here are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990
p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Higher unemployment rates shared by all regions

All of Alaska's regions saw higher over-the-year unemployment rates. In Southeast the rates were higher because of a soft timber industry and weak public sector. Southeast is only one of two regions where wage and salary employment has declined over-the-year. (See Figure 2.) The Gulf Coast region is the other. A poor bottomfish season, the closure of the timber mill in Seward and employment declines in the oil patch are major culprits in the Gulf Coast.

In the Northern region declines in hard rock mining and the oil industry contributed to a higher unemployment rate. In the Interior and Anchorage/MatSu regions the higher jobless rate came as a result of the broad slowdown in employment growth accompanied by a continued growth in jobseekers. Only the Southwest region's unemployment rate remained stable. Continuing strength in the bottomfish industry and military activity in the Aleutians kept this region's rates low and largely unchanged.

Unlike their national counterparts, Alaska's retailers did okay

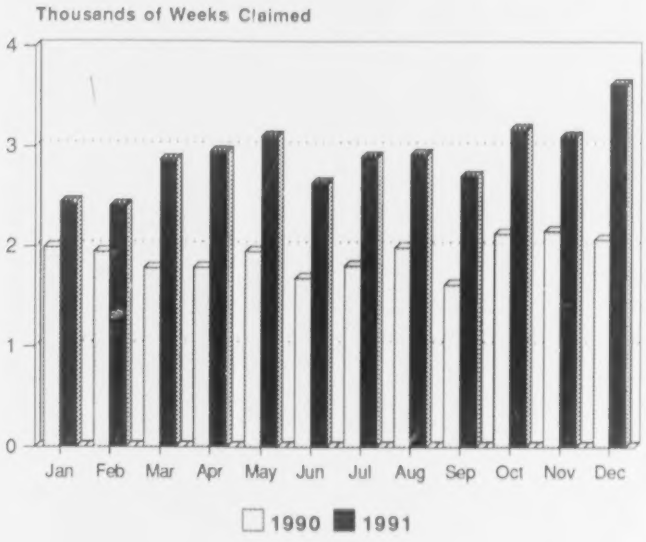
Alaska's Christmas season was considerably better than the glum national picture. Nationally, retailers recorded the weakest Christmas season in decades. On the other hand, Alaska's retailers appeared content with their Christmas season. It was not a repeat of the robust 1990 season, but by retailers' accounts it was satisfactory. Although there are no up-to-date sales figures available for Alaska, retail employment provides some insight. Retail employment did bump up slightly in December, as retailers hired seasonal staff for the Christmas frenzy. Most of Fairbanks' over-the-year growth rate of 5% in December was attributed to new retail stores in that city.

Not all segments of retail trade saw the year end on a positive note. In the car dealer category, over-the-year employment levels were down slightly in December. Generally speaking, car dealer activity is a good barometer of the economy because it's an indication of whether people are willing to purchase big ticket items. Apparently the slowdown in Alaska's economy is either pinching people's ability to purchase cars or causing people to delay their purchase because of worries about the economy.

Another weak spot in retail trade remains the eating and drinking sector. Some of these losses occurred because airline caterers were hit by the pullout of foreign passenger air carriers. Even after discounting for these losses, however, it remains a pretty lethargic industry. A change in demographics, competition, tastes or income may help explain it. Whatever the reasons, something has been putting a crimp on this industry's ability to grow — an industry that was one of the most dynamic in the 1970's and 1980's.

Figure • 1

Alaska Unemployment Claims On Out-of-State Wages Jump in 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 2

Nonagricultural Wage and Salary Employment By Place of Work

Municipality of Anchorage

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	112,800	113,050	110,500	-250	2,300
Goods-producing	10,650	11,350	10,550	-700	100
Mining	3,650	3,500	3,750	150	-100
Construction	4,850	5,700	4,800	-850	50
Manufacturing	2,150	2,150	2,000	0	150
Service-producing	102,150	101,700	99,950	450	2,200
Transportation	11,400	11,300	10,700	100	700
Trucking & Warehousing	1,600	1,500	1,550	100	50
Water Transportation	300	300	250	0	50
Air Transportation	4,150	4,100	4,000	50	150
Communications	2,250	2,250	1,950	0	300
Trade	26,800	26,550	26,900	250	-100
Wholesale Trade	5,750	5,700	6,000	50	-250
Retail Trade	21,050	20,850	20,900	200	150
Gen. Merch. & Apparel	3,550	3,500	3,300	50	250
Food Stores	3,500	3,450	3,200	50	300
Eating & Drinking Places	7,650	7,500	7,850	150	-200
Finance-Ins. & Real Estate	6,600	6,600	6,500	0	100
Services & Misc.	29,450	29,550	28,850	-100	600
Hotels & Lodging Places	2,700	2,650	2,500	50	200
Government	27,900	27,700	27,000	200	900
Federal	10,600	10,400	10,350	200	250
State	8,200	8,300	8,100	-100	100
Local	9,100	9,000	8,550	100	550

Fairbanks North Star Borough

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	27,800	28,300	26,700	-500	1,100
Goods-producing	1,900	2,100	1,900	-200	0
Mining	150	150	100	0	50
Construction	1,200	1,400	1,250	-200	-50
Manufacturing	550	550	550	0	0
Service-producing	25,900	26,200	24,800	-300	1,100
Transportation	2,000	2,050	1,950	-50	50
Trucking & Warehousing	500	450	500	50	0
Air Transportation	450	450	450	0	0
Communications	300	300	300	0	0
Trade	6,550	6,600	5,900	-50	650
Wholesale Trade	750	750	750	0	0
Retail Trade	5,800	5,850	5,150	-50	650
Gen. Merch. & Apparel	1,050	1,000	650	50	400
Food Stores	800	850	800	-50	0
Eating & Drinking Places	1,850	1,900	1,850	-50	0
Finance-Ins. & Real Estate	750	750	750	0	0
Services & Misc.	6,150	6,300	6,050	-150	100
Government	10,450	10,500	10,150	-50	300
Federal	3,050	3,050	3,000	0	50
State	4,600	4,600	4,350	0	250
Local	2,800	2,850	2,800	-50	0

Anchorage-MatSu Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	120,550	120,850	117,950	-300	2,600
Goods-producing	11,200	11,850	11,300	-650	-100
Mining	3,800	3,650	3,950	150	-150
Construction	5,200	5,950	5,300	-750	-100
Manufacturing	2,200	2,250	2,050	-50	150
Service-producing	109,350	109,000	106,650	350	2,700
Transportation	12,050	12,000	11,400	50	650
Trade	28,700	28,450	28,700	250	0
Finance-Ins. & Real Estate	7,050	7,050	7,000	0	50
Services & Misc.	30,800	31,050	30,050	-250	750
Government	30,750	30,450	29,500	300	1,250
Federal	10,800	10,600	10,400	200	400
State	9,050	9,100	8,900	-50	150
Local	10,900	10,750	10,200	150	700

Interior Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	31,750	32,350	30,250	-600	1,500
Goods-producing	2,100	2,300	2,000	-200	100
Mining	250	300	200	-50	50
Construction	1,250	1,400	1,250	-150	0
Manufacturing	600	600	550	0	50
Service-producing	29,650	30,050	28,250	-400	1,400
Transportation	2,200	2,250	2,150	-50	50
Trade	7,000	7,000	6,300	0	700
Finance-Ins. & Real Estate	800	850	800	-50	0
Services	6,700	6,950	6,500	-250	200
Government	12,950	13,000	12,500	-50	450
Federal	3,700	3,700	3,600	0	100
State	4,850	4,850	4,600	0	250
Local	4,400	4,450	4,300	-50	100

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	30,750	31,900	30,800	-1,150	-50
Goods-producing	4,650	5,400	4,800	-750	-150
Mining	350	350	350	0	0
Construction	1,000	1,150	950	-150	50
Manufacturing	3,300	3,900	3,500	-600	-200
Durable Goods	1,500	1,950	1,700	-450	-200
Lumber & Wood Products	1,450	1,900	1,600	-450	-150
Nondurable Goods	1,800	1,950	1,800	-150	0
Seafood Processing	700	850	650	-150	50
Pulp Mills	900	900	900	0	0
Service-producing	26,100	26,500	26,000	-400	100
Transportation	2,350	2,400	2,300	-50	50
Trade	5,350	5,350	5,200	0	150
Wholesale Trade	600	600	550	0	50
Retail Trade	4,750	4,750	4,650	0	100
Finance-Ins. & Real Estate	1,050	1,050	1,050	0	0
Services & Misc.	5,200	5,350	5,150	-150	50
Government	12,150	12,350	12,300	-200	-150
Federal	2,100	2,100	2,100	0	0
State	5,200	5,400	5,300	-200	-100
Local	4,850	4,850	4,900	0	-50

Gulf Coast Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	20,650	21,400	20,950	-750	-300
Goods-producing	4,100	4,600	4,350	-500	-250
Mining	1,100	1,150	1,100	-50	0
Construction	900	950	950	-50	-50
Manufacturing	2,100	2,500	2,300	-400	-200
Seafood Processing	1,300	1,650	1,300	-350	0
Service-producing	16,550	16,800	16,600	-250	-50
Transportation	1,850	1,900	1,850	-50	0
Trade	3,700	3,800	3,700	-100	0
Wholesale Trade	450	450	450	0	0
Retail Trade	3,250	3,350	3,250	-100	0
Finance-Ins. & Real Estate	650	650	600	0	50
Services & Misc.	4,400	4,400	4,500	0	-100
Government	5,950	6,050	5,950	-100	0
Federal	500	550	450	-50	50
State	1,800	1,850	1,850	-50	-50
Local	3,650	3,650	3,650	0	0

Northern Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	14,350	14,450	14,200	-100	150
Goods-producing	5,700	5,750	5,900	-50	-200
Mining	5,350	5,350	5,500	0	-150
Service-producing	8,650	8,700	8,300	-50	350
Government	4,550	4,550	4,300	0	250
Federal	250	250	250	0	0
State	350	350	350	0	0
Local	3,950	3,950	3,700	0	250

Southwest Region

	p/ 12/91	r/ 11/91	Changes from: 12/90	11/91	12/90
Total Nonag. Wage & Salary	14,750	15,150	14,150	-400	600
Goods-producing	3,750	3,950	3,250	-200	500
Seafood Processing	3,500	3,650	2,950	-150	550
Service-producing	11,000	11,200	10,900	-200	100
Government	6,400	6,450	6,300	-50	100
Federal	1,350	1,300	1,300	50	50
State	550	550	550	0	0
Local	4,500	4,600	4,450	-100	50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark: March 1990

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Mostly bad news in the oil patch

Over-the-year employment for the oil industry was down 2% in December, the sixth straight month of decline. This comes after three years of strong recovery and record employment levels. A number of recent announcements made by the industry, however, are more significant than this small decline in employment. Alyeska Pipeline Service Company announced they would begin cutting their operations over the next six years through attrition and early retirement. They also announced they would be closing down pump stations. The reason given for cutbacks was that less oil will be flowing through the pipeline, forcing cost reductions.

Atlantic Richfield and British Petroleum (part owners of the pipeline) also cited slowing production as the reason for their consolidation efforts. There are a growing number of strong signals in the oil patch that these reductions may be a long-term trend that is just now beginning. Another bit of bad news in the oil patch was Marathon Oil's announcement that it is shutting down one of its offshore Cook Inlet platforms because of low production. This is the second Cook Inlet platform to be shut down in the last four months.

Good news for banking and air transportation

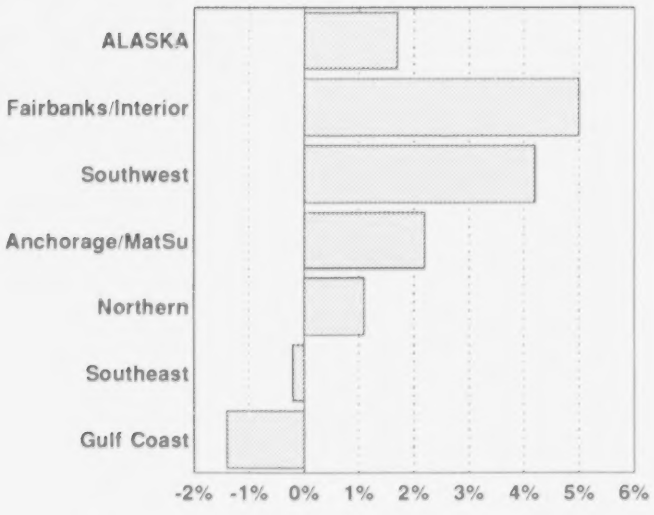
On the good news front, Alaska's financial institutions reported a healthy last quarter of the year and an all-around good year. Both of Alaska's largest banks, National Bank of Alaska and First National Bank of Anchorage, announced record profits for 1991. This is a sign the consolidation of the industry is complete and the industry is finally on solid ground after many turbulent years. Alaska's newest entrant into banking, Northrim Bank, announced its first quarterly profit since it opened the doors in late 1990.

Overall, air transportation employment was up 200 over-the-year in December. Throughout 1991 air transportation's employment has been positive. With the present expansion of Mark Air and Alaska Airlines into each other's markets, growth in the industry should continue in the near term. What permanent change this will bring is still to be seen.

After a year of largely bad news in the international air transportation scene because of the loss of passenger traffic, the picture is looking up for this segment of the industry. Air cargo traffic increased quite dramatically this year. Air freight in both Anchorage and Fairbanks was up in 1991. Air cargo landings were up 9.7% in Anchorage and total cargo freight was up 21% in Fairbanks from the last half of 1990 to the last half of 1991. This sector's prospects were further bolstered when Japan Airlines announced it would be stationing 180 cargo flight members in Anchorage beginning in the spring of

Figure • 2

Regional Picture Mixed at Year's End
Change in Employment Dec. 1990 to Dec. 1991



Source: Alaska Department of Labor, Research and Analysis Section.

Table • 3

Alaska Hours and Earnings for Selected Industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 12/91	r/ 11/91	12/90	p/ 12/91	r/ 11/91	12/90	p/ 12/91	r/ 11/91	12/90
Mining	$1,177.91	$1,146.60	$1,164.03	49.1	48.4	48.3	$23.99	$23.69	$24.10
Construction	999.97	1,019.01	1,005.95	41.7	42.3	43.1	23.98	24.09	23.34
Manufacturing	487.49	504.66	487.12	41.0	40.6	37.1	11.89	12.43	13.13
Seafood Processing	399.61	364.51	332.70	44.9	40.1	36.4	8.90	9.09	9.14
Trans., Comm. & Utilities	673.20	636.06	633.19	36.0	35.2	36.1	18.70	18.07	17.54
Trade	361.80	353.91	368.68	33.5	33.2	33.7	10.80	10.66	10.94
Wholesale	620.98	576.41	591.84	40.8	38.3	41.1	15.22	15.05	14.40
Retail	309.76	311.05	321.96	32.0	32.3	32.1	9.68	9.63	10.03
Finance-Ins. & R.E.	419.58	417.55	416.80	35.2	35.0	35.9	11.92	11.93	11.61

Notes:
p/ denotes preliminary estimates
r/ denotes revised estimates
Benchmark: March 1990

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section

1992. With this new development, the expansion of Federal Express' air base, and other possible additions in the near future, new air cargo activity may more than make up for the loss of international passenger traffic.

Bottomfishing keeps Alaska's processors busy

Although employment in seafood processing fell in December, its over-the-year gain of 11.8% remained one of the largest of all Alaska's industries. Additional plant capacity brought on line early in 1991 in Dutch Harbor is largely responsible for this growth.

A recent federal court ruling on foreign trawlers could benefit shore-based processors. Without this ruling it appeared that last year's growth rate might moderate considerably in the coming year because of lower stock levels and shorter seasons.

Summary: Alaska's economy ends 1991 on a mixed note

The year ended with an economy that was still growing, but not fast enough to prevent sizable increases in unemployment. Alaska's unemployment rate hit double digits in December, the highest rate since 1988. As in the national job market, finding a job during the past year in Alaska has become a far more difficult task. Unlike elsewhere in the nation, however, prospects in Alaska were slightly better since the economy was still growing.

Alaska's retailers termed this Christmas season average; but compared to the national picture, it wasa truly merry. Not all retailers, however, were rejoicing at the end of the year. The picture for car dealers weakened in 1991, indicating a softening economy.

News from the oil patch was not good. Although employment was down in December, that was not the worst news. Operators of the trans-Alaska pipeline announced they would be reducing their staff over the next six years. Their reason was the same given by the state's two largest producers when they planned consolidation activities -- production is beginning to decline so they must look for ways to reduce costs. These announcements could foreshadow a period of contraction in the oil industry for a number of years to come.

Expansion has been the case for the air transportation industry, which ended the year on a healthy note. After losing some ground when much of the international air passenger carriers left the state, air cargo activity has grown rapidly enough to perhaps more than fill this void.

The Alaskan economy ended the year on a mixed note for the first time in three years. If the present situation is any manifestation of the near future, it appears the picture will remain mixed.

Table • 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate %			Employment		
	p/ 12/91	r/ 11/91	12/90	p/ 12/91	r/ 11/91	12/90	p/ 12/91	r/ 11/91	12/90	p/ 12/91	r/ 11/91	12/90
Alaska Statewide	252,726	255,206	253,756	25,488	25,069	19,116	10.1	9.8	7.5	227,238	230,137	234,640
Anch.-MatSu Region	134,658	134,871	135,077	11,433	11,474	8,300	8.5	8.5	6.1	123,225	123,397	126,777
Munic. of Anchorage	117,772	117,960	119,059	8,635	8,880	6,398	7.3	7.5	5.4	109,137	109,080	112,661
MatSu Borough	16,886	16,911	16,018	2,798	2,594	1,902	16.6	15.3	11.9	14,088	14,317	14,116
Gulf Coast Region	27,513	28,358	27,707	4,538	4,553	3,143	16.5	16.1	11.3	22,975	23,805	24,564
Kenai Peninsula Borough	17,226	17,670	17,178	3,149	3,084	2,127	18.3	17.5	12.4	14,077	14,586	15,051
Kodiak Island Borough	6,263	6,511	6,274	899	953	539	14.4	14.6	8.6	5,364	5,558	5,735
Valdez-Cordova	4,024	4,177	4,255	490	516	477	12.2	12.4	11.2	3,534	3,661	3,778
Interior Region	36,166	36,631	35,504	4,240	4,205	3,468	11.7	11.5	9.8	31,926	32,426	32,036
Fairbanks North Star Bor.	31,217	31,601	30,576	3,535	3,485	2,798	11.3	11.0	9.2	27,682	28,116	27,778
Southeast Fairbanks	2,092	2,085	2,070	323	288	295	15.4	13.8	14.3	1,769	1,797	1,775
Yukon-Koyukuk	2,857	2,945	2,858	382	432	375	13.4	14.7	13.1	2,475	2,513	2,483
Northern Region	8,259	8,265	8,155	878	826	551	10.6	10.0	6.8	7,381	7,439	7,604
Nome	3,096	3,046	3,046	396	325	264	12.8	10.7	8.7	2,700	2,721	2,782
North Slope Borough	2,930	2,965	2,974	138	151	98	4.7	5.1	3.3	2,792	2,814	2,876
Northwest Arctic Borough	2,233	2,254	2,135	344	350	189	15.4	15.5	8.9	1,889	1,904	1,946
Southeast Region	33,653	34,314	34,640	3,714	3,307	2,972	11.0	9.6	8.6	29,939	31,007	31,668
Haines Borough	869	920	854	157	183	101	18.1	19.9	11.8	712	737	753
Juneau Borough	14,658	15,125	15,162	1,120	1,103	840	7.6	7.3	5.5	13,538	14,022	14,322
Ketchikan Gateway Bor.	6,396	6,442	6,567	848	696	698	13.3	10.8	10.6	5,548	5,746	5,869
Pr. of Wales-Outer Ketch.	2,665	2,699	2,679	457	412	344	17.1	15.3	12.8	2,208	2,287	2,335
Sitka Borough	3,884	3,992	4,017	357	340	287	9.2	8.5	7.1	3,527	3,652	3,730
Skagway-Yakutat-Angoon	1,665	1,638	1,738	286	210	280	17.2	12.8	16.1	1,379	1,428	1,458
Wrangell-Petersburg	3,516	3,498	3,623	489	363	422	13.9	10.4	11.6	3,027	3,135	3,201
Southwest Region	12,477	12,767	12,673	685	704	682	5.5	5.5	5.4	11,792	12,063	11,991
Aleutians East Borough	869	889	883	6	6	5	0.7	0.7	0.6	863	883	878
Aleutians West	2,439	2,500	2,481	21	26	22	0.9	1.0	0.9	2,418	2,474	2,459
Bethel	4,856	4,962	4,903	386	390	358	7.9	7.9	7.3	4,470	4,572	4,545
Bristol Bay Borough	499	502	498	43	36	34	8.6	7.2	6.8	456	466	464
Dillingham	2,176	2,232	2,285	41	48	114	1.9	2.2	5.0	2,135	2,184	2,171
Wade Hampton	1,638	1,682	1,623	188	198	149	11.5	11.8	9.2	1,450	1,484	1,474

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1990

- *Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.*
- *Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.*
- *The official definition of unemployment currently in place excludes anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.*
- *he employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.*

Source: Alaska Department of Labor, Research & Analysis Section.

Anchorage Employment Service
Phone: 264-2631

Bethel Employment Service
Phone: 543-2210

Dillingham Employment Service
Phone: 842-5579

Eagle River Employment Service
Phone: 694-6904/07

Mat-Su Employment Service
Phone: 376-2407/08

Fairbanks Employment Service
Phone: 451-2871

Glennallen Employment Service
Phone: 822-3350

Kotzebue Employment Service
Phone: 442-3280

Nome Employment Service
Phone: 443-2626/2460

Tok Employment Service
Phone: 883-5629

Valdez Employment Service
Phone: 835-4910

Kenai Employment Service
Phone: 283-4304/4377/4319

Homer Employment Service
Phone: 235-7791

Kodiak Employment Service
Phone: 486-3105

Seward Employment Service
Phone: 224-5276

Juneau Employment Service
Phone: 790-4562

Petersburg Employment Service
Phone: 772-3791

Sitka Employment Service
Phone: 747-3347/3423/6921

Ketchikan Employment Service
Phone: 225-3181/82/83

Alaska Economic Regions

The mission of the Employment Security Division is to promote employment and economic stability by responding to the needs of employers and job seekers.

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